GLOBAL SOLAR COUNCIL

Views on UN Climate Finance Work Programme

<u>Views on the vision, modalities, and elements to be addressed in the next year of the work programme on climate finance, including on Article 9, paragraph 1, of the Paris Agreement in the context of Article 9 of the Paris Agreement as a whole;</u>

Elements

I. <u>Investment readiness</u> – Promoting investment readiness by developing and promoting standardized investment documentation, legal, technical and financial due diligence and enhanced project preparation. This would improve solar and storage project bankability, reduce transaction costs, and accelerate progress to financial close.

II. <u>Reducing Investment Risks</u> – Develop a common framework for assessing and managing investment risk by distinguishing between actual and perceived risks. The program should identify practical de-risking measures that improve investor confidence and mobilize private capital.

III. <u>Improving access to climate finance</u> – Simplifying the application procedures, promoting harmonization of eligibility and reporting requirements across climate finance providers.

<u>Additional inputs, if any, in response to the below guiding questions considered during the multi-stakeholder engagement workshop:</u>

1. **Provision and mobilization of "climate finance, including Article 9, paragraph 1, of the Paris Agreement in the context of Article 9 of the Paris Agreement as a whole": How can we scale up the provision and mobilization of climate finance from a wide variety of sources, instruments and channels to support climate actions in developing countries?**

    I. <u>Improve project bankability</u> – Significant number of solar pv and storage projects fail to reach financial close because they are not investor-ready. Scaling climate finance will require strengthening investment readiness programmes, standardization of investment documentation, and providing technical assistance to improve legal, financial and technical due diligence. These will increase the pipeline of bankable projects, reduce transaction cost, and increase the pace for capital deployment.

    II. <u>Advocating the use of innovative finance instruments</u> – Currently public finance alone remains below the estimated investment needs. Greater use of blended finance, concessional financing, first–loss equity, public-private partnerships, green bonds and guarantees can mobilize private investments, improve solar pv project viability, and attract more investors in the renewable energy sector.

    III. <u>Mitigate and manage actual and perceived risk</u> – Perceived political, regulatory and currency risks continue to constrain investments in the developing countries. The programme should promote the development of risk assessment frameworks that distinguish between perceived and actual risks, alongside other de-risking measures such as guarantees, local currency financing, and insurance, which are key to accelerating investments and boosting investor confidence.

2. **Access to "climate finance, including Article 9, paragraph 1, of the Paris Agreement in the context of Article 9 of the Paris Agreement as a whole": What is concrete procedural, institutional and capacity barriers that prevent developing countries from accessing available climate finance, and how can these be addressed?**
   I. Complex and Unstandardized application procedures – application for climate funds require detailed technical studies, environmental and social safeguards, lengthy proposals and extensive documentation that many developing countries struggle to prepare. The programme should promote standardization of the application templates, reporting requirements across climate finance providers, and simplify application procedures.
   II. Limited institutional capacity and technical expertise – Most developing countries lack adequately resourced climate finance institutions and specialized expertise in solar and storage project preparation, financial structuring, environmental and social safeguards and procurement. The programme can strengthen institutional capacity through targeted training, technical assistance, and facilitate peer learning between countries.
   III. Actual and Perceived risks – Political, regulatory, technical and currency risks constrain investments in developing countries. In many cases, perceived risks exceed actual risks, increasing the cost of capital, and limiting private investments. The program can aim to support the development of standardized risk assessment frameworks that distinguish between actual and perceived risks while promoting de-risking instruments such as local currency financing, guarantees, political risk insurance and blended financing.
   IV. Fragmented climate finance architecture – Multiple climate funds have a different set of eligibility criteria, reporting requirements and timeliness which increase transaction costs and delays access to finance. The programme can address this by standardizing reporting frameworks and application procedures.

3. **Transparency of "climate finance, including Article 9, paragraph 1, of the Paris Agreement in the context of Article 9 of the Paris Agreement as a whole": How do we enhance the transparency of climate finance and the measurement of progress on the impacts, results and outcomes of climate finance, including Article 9, paragraph 1, of the Paris Agreement in the context of Article 9 of the Paris Agreement as a whole?**
   I. Standardizing climate financing reporting – Countries, climate funds and institutions use different methodologies to report climate finance, making it difficult to compare commitments, disbursements and outcomes across providers. The program can address this by developing a standardized reporting methodology and indicators to improve consistency, comparability, and accountability.
   II. Digital Climate Finance Transparency Platform – Data and information on climate finance is disseminated on multiple reporting platforms, limiting transparency and accessibility. Developing a digital platform that provides real-time data on commitments, disbursements, and project implementation. This would improve transparency, facilitate monitoring, and strengthen accountability.

III. Transparency of financial instruments – Reporting by climate finance funds does not consistently distinguish between grants from equity, concessional and commercial loans and guarantees. To improve transparency, this requires reporting to be guided by key indicators such as finance instruments, sectors, geography, and who is the beneficiary.

1150 Connecticut AVE NW STE 401
Washington DC 20036-4167 USA